

_____ BILL NO. _____

INTRODUCED BY _____

(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATING TO SCHOOLS AND SCHOOL FUNDING; PROVIDING THAT SCHOOL DISTRICTS ARE SUBDIVISIONS OF COUNTIES; PROVIDING FOR THE REVISION OF ACCREDITATION STANDARDS; PROVIDING FOR A CONTINGENT ADJUSTMENT OF BASIC ENTITLEMENTS AND PER-ANB ENTITLEMENTS; PROVIDING A CONTINGENT APPROPRIATION; AMENDING SECTIONS 7-1-2103, 20-7-101, AND 20-9-306, MCA; AND PROVIDING EFFECTIVE DATES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-1-2103, MCA, is amended to read:

"7-1-2103. County powers -- school districts. (1) A county has power to:

(1)(a) sue and be sued;

(2)(b) purchase and hold lands within its limits;

(3)(c) make contracts and purchase and hold personal property that may be necessary to the exercise of its powers;

(4)(d) make orders for the disposition or use of its property that the interests of its inhabitants require;

(5)(e) subject to 15-10-420, levy and collect taxes for public or governmental purposes, as described in 7-6-2527, under its exclusive jurisdiction unless prohibited by law.

(2) A school district, as defined in 20-6-101 and 20-6-701, is considered a subdivision of a county."

Section 2. Section 20-7-101, MCA, is amended to read:

"20-7-101. Standards of accreditation. (1) Standards of accreditation for all schools must be adopted by the board of public education upon the recommendations of the superintendent of public instruction.

(2) (a) ~~Prior~~ Except as provided in subsection (2)(b), prior to adoption or amendment of any accreditation standard, the board shall submit each proposal to the education and local government interim committee for review. The interim committee shall request a fiscal analysis to be prepared by the legislative fiscal division. The legislative fiscal division shall provide its analysis to the interim committee and to the office of budget and program planning to be used in the preparation of the executive budget.

(b) The board shall revise the accreditation standards so that the base budget, as defined in 17-7-102, for fiscal years commencing on or after July 1, 2007, plus the increases in the basic entitlements and the per-ANB entitlements in 20-9-306, are the state's share of the cost of Montana's basic system of public elementary schools and high schools.

(3) If the fiscal analysis of the proposal is found by the legislative fiscal division to have a substantial fiscal impact, the board may not implement the standard until July 1 following the next regular legislative session and shall request that the same legislature fund implementation of the proposed standard. A substantial fiscal impact is an amount that cannot be readily absorbed in the budget of an existing school district program.

(4) Standards for the retention of school records must be as provided in 20-1-212."

Section 3. Section 20-9-306, MCA, is amended to read:

"20-9-306. Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district;

(b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the special education allowable cost payment;

(c) the total quality educator payment;

(d) the total at-risk student payment;

(e) the total Indian education for all payment; and

(f) the total American Indian achievement gap payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100% of the total at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian achievement gap payment, and 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through

1 20-9-369.

2 (5) "BASE funding program" means the state program for the equitable distribution of the state's share
3 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization
4 aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the
5 BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

6 (6) "Basic entitlement" means:

7 (a) ~~\$230,199~~ \$265,650 for each high school district in the first fiscal year following [the effective date of
8 this section] and \$273,620 for each high school district in succeeding fiscal years;

9 (b) ~~\$20,748~~ \$23,909 for each elementary school district or K-12 district elementary program without an
10 approved and accredited junior high school or middle school in the first fiscal year following [the effective date
11 of this section] and \$24,626 for each district or program in succeeding fiscal years; and

12 (c) the prorated entitlement for each elementary school district or K-12 district elementary program with
13 an approved and accredited junior high school or middle school, calculated as follows using either the current
14 year ANB or the 3-year ANB provided for in 20-9-311:

15 (i) ~~\$20,748~~ \$23,909 in the first fiscal year following [the effective date of this section] and \$24,626 for
16 each district or program in succeeding fiscal years times the ratio of the ANB for kindergarten through grade 6
17 to the total ANB of kindergarten through grade 8; plus

18 (ii) ~~\$230,199~~ \$265,650 in the first fiscal year following [the effective date of this section] and \$273,620
19 for each district or program in succeeding fiscal years times the ratio of the ANB for grades 7 and 8 to the total
20 ANB of kindergarten through grade 8.

21 (7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to
22 20-9-311.

23 (8) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement
24 for the general fund budget of a district and funded with state and county equalization aid.

25 (9) "Maximum general fund budget" means a district's general fund budget amount calculated from the
26 basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator payment,
27 the total at-risk student payment, the total Indian education for all payment, the total American Indian achievement
28 gap payment, and the greater of:

29 (a) 175% of special education allowable cost payments; or

30 (b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures

to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a maximum allowable ratio of 200%.

(10) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

(11) "Total American Indian achievement gap payment" means the payment resulting from multiplying \$200 times the number of American Indian students enrolled in the district as provided in 20-9-330.

(12) "Total at-risk student payment" means the payment resulting from the distribution of any funds appropriated for the purposes of 20-9-328.

(13) "Total Indian education for all payment" means the payment resulting from multiplying \$20.40 times the ANB of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.

(14) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

(a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$5,704~~ \$6,582 in the first fiscal year following [the effective date of this section] and \$6,779 in succeeding fiscal years for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school or middle school, a maximum rate of ~~\$4,456~~ \$5,142 in the first fiscal year following [the effective date of this section] and \$5,296 in succeeding fiscal years for the first ANB is decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school or middle school, the sum of:

(i) a maximum rate of ~~\$4,456~~ \$5,142 in the first fiscal year following [the effective date of this section] and \$5,296 in succeeding fiscal years for the first ANB for kindergarten through grade 6 is decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of ~~\$5,704~~ \$6,582 in the first fiscal year following [the effective date of this section] and \$6,779 in succeeding fiscal years for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800

1 receiving the same amount of entitlement as the 800th ANB.

2 (15) "Total quality educator payment" means the payment resulting from multiplying \$2,000 times the
3 number of full-time equivalent educators as provided in 20-9-327."

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5 **NEW SECTION. Section 4. Appropriation.** There is appropriated \$100 million from the state general
6 fund to the office of public instruction for distribution to schools as direct state aid over the 2 fiscal years after [the
7 effective date of this section].

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9 **NEW SECTION. Section 5. Effective dates.** (1) [Sections 1 and 2 and this section] are effective on
10 passage and approval.

11 (2) [Sections 3 and 4] are effective on July 1 of the year following the date that the accreditation standards
12 in [section 2(2)(b)] are effective.

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